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OF COUNSEL
URBAN A. LESTER

August 12, 2002

RECORDATION NO. 24062 FILED

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

AUG 12 '02 2-34 PM

SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Memorandum of Lease dated as of August 9, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: GMAC Business Credit, LLC
210 Interstate North Parkway
Suite 315
Atlanta, GA 30339

Lessee: Watco Companies, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

A description of the railroad equipment covered by the enclosed document is:

20 GP38 locomotives WAMX 3800 – WAMX 3819

Mr. Vernon A. Williams
August 12, 2002
Page Two

A short summary of the document to appear in the index follows:

Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a stylized flourish at the end.

Robert W. Alvord

RWA/anr
Enclosures

MEMORANDUM OF LEASE

AUG 12 '02

2-34 PM

SURFACE TRANSPORTATION BOARD

Effective August 9, 2002, a Equipment Lease Agreement (referred to as the "Lease") was entered into between Watco Companies, Inc ("Lessee") and GMAC Business Credit, LLC ("Lessor"). This memorandum of the Lease is presented for recording.

1. Addresses of Lessor and Lessee:

- (1) The business address of Lessor, as set forth in the Lease is **GMAC Business Credit, LLC, 210 Interstate North Parkway, Suite 315, Atlanta, Georgia 30339.**
- (2) The business address of Lessee, as set forth in the Lease is **Watco Companies, Inc., 315 W. 3rd St., Pittsburg, Kansas, 66762.**

2. Equipment under Lease:

The equipment covered by the Lease is twenty (20) EMD GP38 locomotives and engines bearing the manufacturer's serial numbers set forth on Schedule 1 hereof.

3. Term of Lease:

The initial Lease is for a full term of sixty-one (61) months beginning on August 9, 2002.

4. Counterparts:

This Agreement may be executed in one or more counterparts and by facsimile, each of which shall be deemed to be an original, and all of which, taken together, shall be deemed to constitute one agreement.

5. Binding Effect:

This Agreement shall be binding on and shall inure to the benefit of the parties and their respective legal representatives, successors, and assigns.

Executed on the day and year shown next to the respective signature.

Dated: August 9, 2002

Lessor:

GMAC Business Credit, LLC, a
Delaware limited liability company

By: [Signature]

Print name: LEE PALM
PRESIDENT

Its: _____

Attest: [Signature]
Print name: Michael Hampton
Its: Vice President

ACKNOWLEDGMENT - CORPORATION

STATE OF Georgia)
)ss
COUNTY OF Cobb)

This instrument was acknowledged before me on August 9, 2002, by
Lee Palm, President of GMAC Business
Credit, LLC, a Delaware limited liability company.

[Signature]
Print name: Vickie E. Wilson
Notary Public in and for said County and
State.

My Appointment Expires:

MY APPOINTMENT EXPIRES MARCH 30 2003
GWINNETT COUNTY, GEORGIA

Dated: August 8, 2002

Lessee:

Watco Companies, Inc., a Kansas Corporation

Attest: [Signature]

By: [Signature]

Print name: CRAIG R. RICHY

Print name: RANDALL R. READINGER

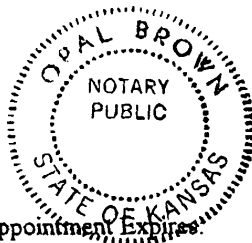
Its: General Counsel

Its: CHIEF FINANCIAL OFFICER

ACKNOWLEDGMENT - CORPORATION

STATE OF KANSAS)
)ss
COUNTY OF CRAWFORD)

This instrument was acknowledged before me on August 8th, 2002, by Randall R. Reinger, as the Chief Financial Officer of Watco Companies, Inc., a Kansas corporation.



My Appointment Expires:
3/6/2003

[Signature]
Print name: Opal Brown
Notary Public in and for said County and State.

SCHEDULE 1

20 GP38 Locomotives: WAMX 3800 – WAMX 3819

These locomotives were previously marked and numbered:

HATX: 108, 111

HLCX: 3611, 3621, 3622, 3624, 3625, 3626, 3627, 3628, 3631, 3632
3633, 3695

TFM: 1150, 1151, 1152, 1153, 1154, 1155

Note: Locomotives marked "TFM" may also have been marked "HLCX" or "K&O".

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

8/12/02



Robert W. Alvord